

VZCZCXRO8053  
RR RUEHRN  
DE RUEHRN #0054/01 2461636  
ZNR UUUUU ZZH  
R 031636Z SEP 09  
FM USMISSION UN ROME  
TO RUEHC/SECSTATE WASHDC 1141  
RUEHRC/USDA FAS WASHDC  
RUEHC/USAID WASHDC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEHGV/USMISSION GENEVA 0283  
RUEHUNV/USMISSION UNVIE VIENNA 0052  
RHEHAAA/NSC WASHINGTON DC  
INFO RUEHRN/USMISSION UN ROME 1215

UNCLAS SECTION 01 OF 02 UN ROME 000054

SENSITIVE  
SIPDIS

NSC FOR CHRIS PRATT  
USDA FOR RIEMENSCHNEIDER AND DOUVELIS

E.O. 12958: N/A  
TAGS: [FAO](#) [EFIN](#) [AORC](#) [EAGR](#) [EAID](#) [KUNR](#) [UN](#)  
SUBJECT: RECOMMENDED STRATEGY ON FAO DRAFT BUDGET

REF: A. (A) USMISSION UN ROME 0052  
[1](#)B. (B) STATE 84087

[1](#)1. (U) This message is sensitive but unclassified. Please handle accordingly.

[1](#)2. (SBU) Summary: The FAO Director General distributed on September 1 a revised draft Program of Work and Budget (PWB) for the 2010-11 biennium that proposes a significant 7.1 percent increase over the current biennium in the regular budget ("net budgetary appropriation"). Only half of the \$38 million cost of implementing the Immediate Plan of Action (IPA) reform package over the next two years is included, with the remainder funded through "voluntary contributions." The Mission suggests a two-pronged approach to encourage other member countries to support a zero nominal growth budget, which includes all IPA costs, at the September 18 Special Session of the Finance Committee, the September 28 - October 2 Council and the November Conference that will ultimately approve the budget. Our recommendation involves a combination of Mission advocacy in Rome coupled with demarches to selected countries. End Summary.

Rome Advocacy

-----  
[1](#)3. (SBU) Coming on the heels of a 17.5 percent increase in the current biennial budget, the 7.1 percent proposed increase is unacceptable to a number of delegations, including Canada, Mexico, Australia and New Zealand, who, like us, strongly support zero nominal growth (ZNG) with the inclusion of the entire cost of IPA implementation in the regular budget. These countries share our concern that the draft budget reflects little or no reduction in costs expected from implementation of the IPA reform effort over the next two years (ref A). Such a large budget increase is also inappropriate given that FAO management has yet to implement the vast bulk of its reform plan, has sought to slow the pace and water down the substance of many key reforms, and proposes the large majority of its budget increase for staff costs (far above the rate of inflation). These views are shared widely among those who pay most of FAO's bills. The Deputy DG told Charge that he believes there is now widespread support for including all IPA costs in the regular budget and expects all such costs will be included in the final budget.

14. (SBU) The Mexican Ambassador reports that in GRULAC only Argentina and Brazil strongly support the budget proposal, and he thinks that demarches to both countries might well alter their positions as these delegations are known to operate absent instructions. The Japanese Deputy Permanent Representative told Charge on September 3 that Japan is leaning toward support for zero nominal growth but no decision will be made for several weeks because of the recent election. He also noted that many members of the Asia Group, including India and some other G-77 members in the region, might well support ZNG for the next biennium on the grounds that the FAO received a large increase of 17.5 percent in the current biennium.

15. (SBU) The Swedish Ambassador, representing the EU Presidency, told Charge that the EU is firm in insisting that all IPA costs be included in the regular budget, but no coordinated position on the budget will be decided until a September 21 meeting in Brussels, the week after the September 18 Special Session of the Finance Committee (France, Germany, and Denmark represent Europe on the 11-member Finance Committee). In a separate meeting, the departing British Deputy Permanent Representative told the Charge that he believed the EU, with strong support from the UK, would support the draft biennial budget with the inclusion of all the IPA costs in the regular budget, resulting in an increase of some 9 percent.

16. (SBU) With other delegations now starting to return to Rome

UN ROME 00000054 002 OF 002

after the traditional August vacation period, we will be meeting with representatives from all the regional groups to encourage adoption of a ZNG budget and will report the results.

Recommended Demarche

-----

17. (SBU) As many Rome-based delegations operate with little or no instruction from their capitals, coupled with the fact that most of the smaller countries with limited staff routinely rely on the Secretariat to provide summaries of important issues such as the budget, we believe it important that the Mission's advocacy be complemented by demarches delivered in select capitals to encourage support for a ZNG budget that includes all costs of IPA implementation. Mission suggests that demarches be delivered to the following countries which likely will be the most influential in the upcoming budget deliberations:

-GRULAC: Brazil, Argentina, Dominican Republic (G-77 Chair), Panama (Finance Committee member);

- European Regional Group: Germany, France, UK, Denmark, Sweden, Norway, Finland, Italy, Spain, Switzerland, Russia, Hungary, Czech Republic;

-Near East: Jordan (G-77 Vice-Chair), Kuwait (co-chair), Egypt, Iraq, Saudi Arabia

-Africa: South Africa, Nigeria, Ethiopia, Tanzania, Burkina Faso, Senegal, Zambia, Cameroon (Finance Committee member), Uganda (Finance Committee member); and

-Asia: Japan, China, India, Pakistan, Malaysia, Indonesia, Thailand

18. (SBU) In particular, it will be important to reach capitals prior to expected regional group meetings where collective positions will be hammered out, from which individual deviation becomes more difficult. The European position is particularly important in this regard, as will be the expected regional meetings of the Near East (the Arab League foreign ministers normally meet in Cairo ahead of the UNGA), and the African Union. Combined, these groups comprise more than half of the FAO membership, and typically vote en bloc, once regional positions are agreed. Support for our position on ZNG would also ideally be included on the agendas of bilateral meetings on the margins of the UNGA later this month, as well as the September 14-15 post-L'Aquila experts meeting in DC.  
GLOVER